

## Message Text

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PARIS FOR USOECD

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QUOTE: LIMITED OFFICIAL USE GENEVA 11960

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TAGS: EEWT, ECE, CSCE  
SUBJECT: ECE COMMITTEE ON THE DEVELOPMENT OF TRADE

SUMMARY. ECE COMMITTEE ON DEVELOPMENT OF TRADE AT ITS  
NOVEMBER 28 - DECEMBER 2 MEETING HEARD ECE EXECUTIVE  
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SECRETARY STANOVNIK WARN ABOUT THE NEED FOR SPECIALIZATION  
IN EAST-WEST TRADE AND DANGERS OF CONTINUED IMBALANCE IN  
TRADE FLOWS. WESTERN COUNTRIES COMPLAINED ABOUT COUNTER-  
PURCHASE DEMANDS OF EAST. COMMITTEE AGREED TO HOLD  
EXPERT MEETING ON ELIMINATION OF OBSTACLES TO TRADE. FRG  
AND GDR AGREED TO PARTICIPATE IN MUNOSYST TRIAL RUN.  
SECRETARIAT WAS ONLY ASKED TO CONTINUE TO STUDY ITS  
PROPOSALS ON EAST-WEST FUND AND BANK, BUT NOT TO CONVENE  
EXPERT MEETING. TRADE EXPERTS WILL MEET TO MAKE CON-  
TRIBUTION TO OVERALL ECONOMIC PERSPECTIVE EXERCISE OF ECE

SENIOR ECONOMIC ADVISERS. END SUMMARY.

1. ECE EXECUTIVE SECRETARY STANOVNIK'S KEYNOTE STATEMENT EMPHASIZED THE NEED FOR A CONTINUED SPECIALIZATION OF PRODUCTION TO FACILITATE A RAPID GROWTH OF EAST-WEST TRADE BUT NOTED A GROWING THREAT OF PROTECTIONISM. HE ALSO NOTED THE CONTINUED IMBALANCE OF EAST-WEST TRADE AND THE CURRENT AVAILABILITY OF ADEQUATE FINANCING, BUT CAUTIONED THAT WHILE THE DEFICIT CAN GO ON A FEW MORE YEARS, IT CANNOT GO ON FOREVER AND "SOONER OR LATER DEBTS MUST BE PAID." DEBT SITUATION COULD THUS HAVE A DRAMATIC EFFECT ON FUTURE TRADE TRENDS. STANOVNIK REFERRED TO A BROAD "IMPLICIT RECIPROCITY" THAT IF ONE EXPORTS MACHINERY, ONE MUST IMPORT THE PRODUCTS OF THAT MACHINERY OR OTHER PRODUCTS. HE ALSO STRESSED THE NEED FOR STRUCTURAL CHANGE AND THE IMPORTANCE OF INDUSTRIAL COOPERATION AS AN INSTRUMENT FOR IT.

2. IN INDIVIDUAL COUNTRY STATEMENTS THERE WAS GENERAL LIP SERVICE, IF NOT ENDORSEMENT, OF INDUSTRIAL COOPERATION. HOWEVER, A NUMBER OF WESTERN COUNTRIES REFERRED TO COMPENSATION AND OTHER BARTER-TYPE ARRANGEMENTS AS GROWING BARRIERS TO TRADE. WHILE THERE WAS CONFUSION IN TERMS LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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USED, COMPLAINTS APPEARED TO BE GENERALLY DIRECTED TO TRANSACTIONS MORE EXPLICITLY DEFINED AS COUNTERPURCHASE. SOVIET RECOMMENDATION THAT COMPENSATION ARRANGEMENTS BE ENDORSED AS A DESIRABLE FORM OF ECONOMIC COOPERATION WAS TURNED ASIDE BY WESTERN DELEGATES. KAWAN OF EEC RESPONDED TO STANOVNIK'S REMARKS ON THE STRUCTURE OF EAST-WEST TRADE INDICATING THAT ALTHOUGH THE PROBLEM OF STRUCTURAL CHANGE IS A DIFFICULT ONE, CENTRALLY PLANNED ECONOMIES SHOULD ORIENT THEIR PRODUCTION ON THE BASIS OF QUANTITY AND QUALITY NEEDS OF THE WEST. THERE WERE SPORADIC, BUT GENERALLY MUTED EASTERN REFERENCES TO EEC QRS.

3. THERE WAS ONLY LIMITED DISCUSSION OF TOPIC OF CONCENTRATION AND INTEGRATION OF THE COMMISSION'S WORK PROGRAM IN THE TRADE AREA. ON MUNOSYST, THE COMMITTEE APPROVED THE OUTLINE OF WORK LAID DOWN IN TRADE/R 352 AND ALSO AUTHORIZED THE SECRETARIAT TO CONVENE AD HOC MEETINGS AS NECESSARY. THE FRG AND THE GDR ANNOUNCED THAT THEY WOULD PARTICIPATE IN THE TRIAL RUN; GDR IS FIRST AND ONLY EASTERN COUNTRY SO FAR TO PARTICIPATE.

4. ON INVENTORY OF OBSTACLES TO TRADE, THE COMMITTEE AGREED TO A SECRETARIAT PROPOSAL SUPPORTED BY EAST TO CONVENE SEPT. 28-29, 1978, AN AD HOC MEETING OF EXPERTS TO CONSIDER PROPOSALS FOR REDUCING OR ELIMINATING OBSTACLES CONTAINED IN THE INVENTORY. IN ORDER TO

FACILITATE SUCH A MEETING, COMMITTEE ALSO AGREED THAT COMMENTS ON EXISTING NOTIFICATIONS SHOULD BE SUBMITTED BY APRIL 15, 1978 AND ALL NEW NOTIFICATIONS BY MAY 31, 1978 AND AN UP-TO-DATE CONSOLIDATED INVENTORY SHOULD BE PREPARED.

5. ON ITEM 5D (ECONOMIC AND COMMERCIAL INFORMATION), EC AND OTHER WESTERN DELEGATIONS SUPPORTED U.S. SUBMISSION OF DESIRED ECONOMIC AND COMMERCIAL INFORMATION AS A MODEL AND ONE WHICH, TOGETHER WITH OTHER SUBMISSIONS MIGHT BE LIMITED OFFICIAL USE  
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EXAMINED AT AN EARLY AD HOC MEETING TO ACHIEVE FURTHER PROGRESS TOWARD AN AGREED-UPON DEFINITION OF ECONOMIC COMMERCIAL AND INDUSTRIAL INFORMATION NEED. HOWEVER, SOME EASTERN COUNTRIES EXPRESSED VIEW THAT CURRENT INFORMATION WAS ADEQUATE OR THAT SUCH A MEETING WOULD BE PREMATURE. EASTERN COUNTRIES DISPLAYED TESTINESS ON WESTERN NEED FOR BALANCE OF PAYMENTS INFORMATION. COMMITTEE DECIDED REQUEST ADDITIONAL INPUTS BY 30 JUNE 1978. HUNGARY BLOCKED US LED EFFORT TO HAVE REPORT SAY TRADE COMMITTEE SHOULD CONSIDER AT ITS NEXT MEETING QUESTION OF AD HOC EXPERTS MEETING.

6. SCOTT OF ECE SECRETARIAT MADE ELOQUENT PRESENTATION OF REASONS FOR SECRETARIAT WORK PROPOSALS ON STUDY OF EAST-WEST FUND AND EAST-WEST BANK (ITEM 6A) AS MEANS OF IMPROVING THE FINANCING OF EAST-WEST INDUSTRIAL COOPERATION IN YEARS AHEAD WHEN FINANCING MAY BE MORE DIFFICULT TO OBTAIN. IN RAPID ORDER, EASTERN COUNTRIES, ONE BY ONE, BUT WITH STUDIED EFFORTS NOT TO APPEAR TOO EAGER, SUPPORTED FURTHER SECRETARIAT STUDY OF THESE "INTERESTING" PROPOSALS. HOWEVER, SUBSEQUENT WESTERN STATEMENTS TURNED FURTHER FORMAL WORK BY SECRETARIAT ASIDE GENERALLY BY INDICATING FINANCING TO BE PLENTIFUL OR BY STATING THAT SECRETARIAT RESOURCES SHOULD BE DEVOTED TO PROJECTS WITH HIGHER PRIORITIES.

7. SEE SEPTTEL ON LIST OF COUNTRIES WHICH AGREED TO CONTRIBUTE TO MANUAL ON LICENSING PROCEDURES. THERE WAS WIDESPREAD AGREEMENT THAT ANOTHER MARKETING SEMINAR SHOULD BE HELD EARLY IN 1979 WITH A PREPARATORY MEETING EIGHT MONTHS BEFORE. SECRETARIAT IS HOPING TO INTEREST SOME MEMBER STATES IN HOSTING SEMINAR.

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8. AS A RESULT OF PROPOSAL BY KAWAN AT US-HOSTED LUNCHEON,

AGREEMENT WAS REACHED THAT AN AD HOC MEETING OF TRADE EXPERTS SHOULD BE CONVENED TO CONSIDER CONTRIBUTION COMMITTEE CAN MAKE ON THE TRADE ASPECT OF THE STUDY ON THE OVERALL ECONOMIC PERSPECTIVE FOR THE ECE REGION UP TO 1990 WHICH IS BEING PREPARED BY THE SENIOR ECONOMIC ADVISERS TO ECE GOVERNMENTS. THIS MEETING SHOULD GIVE MEMBERS A CHANCE TO LOOK NT THE FUTURE TRENDS AND PROBLEMS IN EAST-WEST TRADE.

9. NO SIGNIFICANT CHANGES WERE MADE IN THE COMMITTEE'S PROGRAM OF WORK. SWISS TRIED UNSUCCESSFULLY TO GATHER ALL OF THE TOPICS RELATING TO ECONOMIC AND COMMERCIAL INFORMATION UNDER ONE HEADING BUT WERE BLOCKED BY EASTERN STATES.

10. COMMENT: COMMITTEE MEETING WAS RATHER UNEVENTFUL. ALTHOUGH EVERYONE WAS CONSCIOUS THAT THE BELGRADE MEETING COULD IMPACT ON WORK IN FUTURE, THIS DID NOT IMPEDE FULL ATTENTION BEING DEVOTED TO COMMITTEE'S EXISTING PROGRAM OF WORK. SEVERAL EASTERN DELEGATES MADE REFERENCES TO PROPOSALS IN THE TRADE AREA THAT THEY HAD SUBMITTED IN BELGRADE, BUT THEY DID NOT PUSH THEM. SOVIET UNION INSISTED ON REFERENCE IN REPORT TO ITS PROPOSALS FOR ALL-EUROPEAN CONFERENCES ON ENVIRONMENT, ENERGY AND TRANSPORT. U.S. PROPOSALS ON ECONOMIC, COMMERCIAL AND ADMINISTRATIVE INFORMATION RELEVANT TO DEVELOPMENT OF TRADE GENERATED BRIEF BUT SPIRITED CSCE-TYPE EXCHANGES BETWEEN WESTERN AND EASTERN DELEGATES. VANDEN HEUVEL UNQUOTE VANCE

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